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FRANCE

Giscard Slips off Olympus

Diamonds and austerity lower the President's lofty standing

A girl's best friend can be a politician's worst enemy. Last week the French satirical weekly *Le Canard Enchaîné* charged that President Valéry Giscard d'Estaing, while serving as Finance Minister six years ago, had accepted a 30-carat tray of diamonds worth $240,000 from Jean-Bédel Bokassa, who was deposed as Emperor of the Central African Republic last month. There is no law prohibiting French politicians from accepting such largesse. The Elysée Palace, in fact, while trying to minimize what it called the "nature and value" of the gifts, did not deny that a "traditional exchange" had taken place. Bokassa also gave diamonds, the weekly said, to Cabinet Ministers Robert Galley and Yvon Bourges, and Giscard's top adviser, René Journiac. Other alleged recipients: Giscard's brother, Business Consultant Olivier, and two of their cousins, Banker François and Finance Official Jacques. Unlike the President, his relatives all denied the allegations.

Canard's attack could not have come at a more uncomfortable time for Giscard, reports TIME Paris Bureau Chief Henry Muller. It underscored the venomous tone that French politics is taking on as the 1981 presidential election approaches. The President's popularity as well as his much vaunted reputation as a fiscal wizard have both slumped badly. According to polls published by Paris' daily *France-Soir,* his approval rating has dropped nine percentage points since January, to 45%. His countrymen have become increasingly angry about the austere economic policies France has pursued since Giscard named Economist Raymond Barre as his Premier in August 1976.

Financial experts praise Barre for having stabilized the once wobbly franc and eliminated France's trade deficit. But the man in the street is more aware that unemployment has risen to 1.4 million, a record 6.4%* compared with 4.4% when Barre moved into the Premier's official residence, the Hôtel Matignon. Inflation, which he vowed to bring under control, has been running at an annual rate of 11.3%, *vs.* 9.7% in 1976. Barre has warned that the French face more, not less, belt tightening. Said he: "Next year will be very difficult. The choice is not between maintaining or increasing purchasing power, but between its maintenance and its amputation." Thanks in part to that kind of gloomy prognostication, Barre's approval rating has fallen even lower than Giscard's, to 28%.

Until recently, Giscard was able to stay regally above the political fray, letting Barre run the country on a day-to-day basis and, conveniently, leaving him to take the heat for unpopular decisions. But now, says Jeanne Labrousse, director of the polling institute I.F.O.P.: "We have reached the point where discontent is so high that Barre cannot absorb it all himself." According to Jacques Attali, a leading Socialist economist, the reason is that Giscard and Barre can no longer promise light at the end of the austerity tunnel. Says Attali: "The French are losing hope." According to a survey in the business magazine *L'Expansion,* three out of four Frenchmen now believe that the economic crisis will be "enduring" rather than "transitory."

The deteriorating mood has forced Giscard to modify his Olympian stance. "The feeling of Frenchmen can be characterized by three attitudes: discontent, doubt and worry," he admitted on national television. Even as he spoke, that discontent was being aggravated by new government austerity bites: a punishing jump of a full percentage point in employees' social security contributions and increases in the government-controlled prices of items ranging from rail and air tickets to cigarettes and gasoline (to $2.75 per gal.). Charged Georges Séguy, head of the Communist-dominated C.G.T. union: "This is not austerity, it's plunder."

So far, the political opposition in France has been unable to capitalize on Giscard's troubles. Though Communist Leader Georges Marchais has said, "I'm ready to unite with the devil to checkmate the Giscard-Barre policy," he and Socialist Chief François Mitterrand are bedeviled by a problem: they are not even on speaking terms. There has been no attempt by either man to patch up the bitter ideological split that destroyed their chances of winning last year's legislative elections. Jacques Chirac, the ambitious Paris mayor and neo-Gaullist leader who hopes to challenge Giscard in the 1981 presidential election, has not yet recovered from his party's drubbing in the European Parliament elections.

Giscard's sharp decline in popularity has fueled rumors that he may soon replace Barre. "He is an honest man, above all suspicion," Giscard responded when asked about Barre on a television interview. Coming from the President, who had lauded Barre as "the best economist in France," that faint praise appeared to signal a new arm's-length distance between the President and his Premier.

But dumping Barre will not be easy. Many foreign officials and businessmen view Barre as a symbol of the rigor and discipline France needs. Bankers fear that Barre's departure would diminish confidence in the French economy, frighten capital investors and cause the franc (which has held steady against the West German mark for more than a year) to tumble. In a last-ditch defense of his policies, Barre sounded an emphatic warning against false expectations. "You can replace me, but don't have any illusions," he told a meeting of Giscard's supporters among the members of parliament. "My successor, whoever he is, will be forced to show the same strictness." What Barre obviously meant was that since austerity will not soon give way to prosperity, Giscard will have to find some other route back to Olympus. ■

BONOTTE—GAMMA/LIAISON

Giscard and Bokassa exchange a friendly embrace in 1975

No law against largesse for a fiscal wizard.

*A politically more damaging statistic in France than it would be in the U.S., since French economists put full employment at about 2% jobless, compared with about 4% in the U.S.

during the amnesty, lasting from October 10th to December 14th, East Germany's prison population of around 30,000 could be cut in half.

The terms of the amnesty raised doubts about the fate of political prisoners, of whom East Germany is thought to be holding about 4,000. The uncertainty centred on the meaning of a clause which excludes people prosecuted for violating "international agreements and other obligations recognised in international law". But on October 11th two of East Germany's best-known political prisoners were set free, and on October 17th packed off to the west. Mr Rudolf Bahro, sentenced in July last year to eight years' imprisonment for spying, and Mr Nico Hübner, who had served 15 months of a five-year sentence for "hostility to the state." Mr Bahro, an economist and a member of the Communist party for many years, is the author of a book, "The Alternative", which is strongly critical of the East German system. He was arrested soon after its publication in the west. Mr Hübner, aged 24, got into trouble for refusing to serve in the people's army. As a resident of East Berlin he claimed that he was not eligible for call-up because of the city's special status. All of it is supposed to be under four-power control.

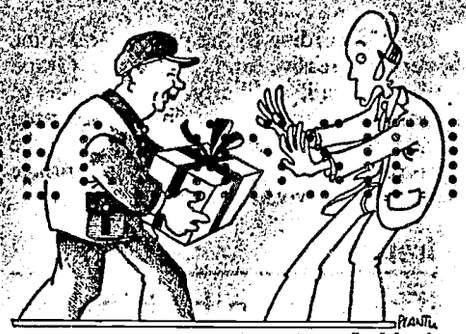
The news of their release coincided usefully with some intra-German political soundings in East Berlin and Bonn. In East Berlin the head of the West German mission, Mr Günter Gaus, had a long chat with Mr Honecker; and in Bonn Mr Schmidt received the East German mission chief, Mr Ewaldt Moldt. Essentially the talks were about talks. West Germany is anxious to get on with negotiations for several important, though not spectacular, intra-German agreements—from improving co-operation on veterinary problems to speeding up permits for West Germans to visit East Germany. Mr Schmidt also wants to know more about Mr Honecker's ideas about the possibility of East-West German co-operation on disarmament.

France

The emperor's diamonds

FROM A CORRESPONDENT IN PARIS

Diamonds, as France's President Giscard d'Estaing discovered to his cost, are a politician's worst friends. When the French satirical weekly Le Canard Enchaîné published the facsimile of a letter which appeared to be from the deposed Emperor Bokassa, placing an order for a diamond spray of 30 carats to be presented to Mr Giscard d'Estaing, the president's office put out a lame half-denial. The Canard specialises in publishing documents sent in anonymously by disgruntled civil servants seeking to destroy some public figure who has crossed them or whom they feel is damaging their country. Sometimes the revelations hit home; for example, the Canard got hold of a copy of the tax return of Mr Jacques Chaban-Delmas in time to destroy any chance he might have had of winning the presidential election in 1974, from which Mr Giscard d'Estaing emerged victorious.



Le Monde

State visits will never be the same again

More often than not, Canard stories provoke a few angry disclaimers and are then forgotten. Even the publication by the weekly of Mr Giscard d'Estaing's tax return in June produced only a faint ripple of excitement. But the diamonds were quite a different matter.

When Mr Giscard d'Estaing went to Central Africa as finance minister, it had already become clear that Bokassa was not the sort of ruler whom a former colonial power would want to see ensconced in a country where it still had powerful economic and cultural links. During the 14 years of Bokassa's rule, France financed his country and condoned his eccentricities. But General de Gaulle kept him at arm's length, and Pompidou never had anything to do with him at all beyond signing the cheques. With Mr Giscard d'Estaing, the big-game hunter, relations were much more cordial. Bokassa called him "a dear friend", welcomed him with a kiss and a hug whenever he came and put his private aircraft at his disposal when he visited.

The French president probably was increasingly aware of the awfulness of Bokassa's regime, but continued to tolerate the self-appointed Napoleon of Africa because he felt that a friend to France and the west was better than an enemy. But when last April Amnesty provided strong evidence that Bokassa had massacred a number of schoolchildren, France moved swiftly to replace him with another friendly face and to make sure that Bokassa was shown in the worst possible light after his fall.

The investigations made so far have not only shown up bodies in the palace deep freeze, but suggested a lot of undiscovered skeletons in the cupboards. Much of the evidence is likely to be buried in the archives of the ex-emperor, which seem to have disappeared. According to a reporter from Le Monde on the spot, backed by other French correspondents who were there at the time, French paratroopers were seen taking the archives in large boxes from the palace to the French embassy. The unspoken innuendo is that those documents may contain material far more damaging than the Canard's modest little tale about diamonds.

In fact, Bokassa may not have had any archives. French financial inspectors sent for an investigation in 1975 discovered that Central Africa kept no treasury accounts of any kind. The French government's denials that any documents were transferred after the emperor's fall may well be accurate. The one thing that is certain is that France's opposition parties, having failed at every major election hurdle since the birth of the fifth republic, will spend the next 18 months seeking to destroy the president's image.

Spain

Grapo harvest

FROM OUR SPAIN CORRESPONDENT

José Maria Sanchez Casas, who lived quietly with his wife and two children in the centre of Valencia until last weekend, is a vigilant man. Yet this time he failed to notice that he was under surveillance. A special 40-man police squad had been watching his home and movements for more than a fortnight when he was arrested on October 13th. The police say he was the director of operations of the far-left terrorist organisation Grapo, and responsible for the deaths of at least 30 people.

Twenty other Grapo militants were also arrested last weekend, bringing to 40 the total captured in the past four months. With the exception of its female general secretary and a male committee member, Grapo's entire political and operational leadership is now behind bars. But it would be rash to conclude that Grapo is finished.

Mr Roberto Conesa, the Francoist "supercop" who was in charge of anti-terrorist operations until last May, twice declared that Grapo had been "dismantled". Grapo first went into action in July, 1976, and by the spring of 1977 most of its 70 or so members at the time were in jail. The police soon infil-

and its "occupation" of the Guantánamo Naval Base in Cuba, and he called for an end to Puerto Rico's "colonial status." But Castro made no direct mention of the controversy over Soviet troops in Cuba, choosing instead to appeal for $300 billion for a decade of aid to the Third World.

The speech was interrupted by applause a dozen times in the General Assembly. "The Pope was just poping," Tunisian Ambassador Mahmoud Mestiri told NEWSWEEK's Lynn James, referring to another recent U.N. guest. "Castro spoke about matters which really concern the delegates." Afterward, within the fortress-like Cuban Mission, Castro held diplomatic receptions and met with black Congressional leaders. Before flying home, he gave a dinner party for half a dozen top U.S. news executives (plus wives) rounded up by ABC News' Barbara Walters. One dinner tidbit: he believes the U.S. official chiefly responsible for tension with Cuba is national-security adviser Zbigniew Brzezinski. Castro also served charm, protestations of peace and "some lobsters that I personally caught."

STEVEN STRASSER with
SUSAN AGREST in New York

JAPAN'S OHIRA GETS AN ELECTION SHOCK

With his Liberal Democratic Party riding high in the public-opinion polls, Japanese Prime Minister Masayoshi Ohira decided last month to call a snap general election, confident that the LDP would substantially increase its strength in the Diet. But Ohira kicked off the campaign by proposing a tax hike, of all things, and when Japanese voters cast their ballots last week, they dealt him a stinging rebuff. The conservative LDP merely maintained its 248 seats in the 511-seat lower house of Parliament.

Ohira pronounced himself "shocked" by the outcome. He kept his government majority intact by lining up support from conservative independents. But his failure to win an LDP majority may thwart some of his pet legislative projects—including the proposed excise tax, which he had been forced to disavow during the campaign.

Ohira, 69, could face a struggle for his own political survival. He was under pressure from some factions of his own party to resign—as former Prime Minister Takeo Miki had been after the LDP's poor showing in the 1976 elections. Other LDP barons, such as former Prime Minister Takeo Fukuda, may challenge Ohira if he runs for a second term as party leader next year. Ohira himself showed no sign of quitting, although he acknowledged that the voters had passed a "severe judgment" on his policies. "I face the judgment with humility," Ohira said, "and will keep it in mind in dealing with political affairs from now on."

A GEM OF A SCANDAL

As President of France, Valéry Giscard d'Estaing has cultivated the image of an Olympian leader more concerned with matters of state and the future of mankind than with the hubbub of partisan politics. Last week, however, Giscard found himself embroiled in a potentially damaging political *scandale*. According to allegations in the French press, Giscard accepted diamonds worth hundreds of thousands of dollars from one of Africa's most unsavory tyrants: Jean-Bédel Bokassa, the recently deposed "emperor" of the Central African Republic.

The story came to light in Le Canard Enchaîné, a satirical Paris weekly. According to the Canard, the diamonds—which the paper estimated could be worth $250,000 or more—were presented to Giscard in 1973, when he was Minister of Finance. Canard published what it claimed was a photostat of a letter, signed by Bokassa, instructing his state diamond monopoly to prepare a packet for Giscard containing "about thirty (30) carats." The letter was dated at a time when Giscard—an enthusiastic big-game hunter—was on a safari in Bokassa's country.

Bokassa with diamonds, with Giscard (1978): 'Dear cousin'

Photos by Richard Melloul—Sygma

INVESTIGATION: At first, the Elysée Palace simply stonewalled the issue. When newsmen asked after a Cabinet meeting whether the diamond allegations had been discussed, Presidential spokesman Pierre Hunt snapped: "The Cabinet only dealt with serious questions." But the opposition French press, led by Le Monde, the influential daily, carried their own versions of the diamond affair. And in Parliament, Socialist leader François Mitterrand demanded an investigation of the French Government's participation in the overthrow of the Bokassa regime last month. The Socialists charge that the French troops that were sent to back up the coup against Bokassa removed documents that would have proved damaging to Giscard.

According to the Canard, some of those documents revealed that two cousins of the French President, François and Jacques Giscard d'Estaing, were also given diamonds, the principal export of the Central African Republic. Others who benefited from Bokassa's largesse, according to the paper, were the ministers of Defense and Overseas Cooperation, as well as Giscard's top aide in charge of relations with France's former African colonies. Giscard's relatives denied the charges, and one Paris daily pointed out that "nothing proves" that any diamonds ordered for Giscard himself were actually delivered.

Accepting gifts from foreign leaders is not illegal in France. But the allegations were an embarrassment to Giscard, who has been criticized in the French press for the close ties he once maintained with Bokassa. (Bokassa, a former French Army sergeant, habitually addressed Giscard as "Dear cousin.") Giscard's tolerant attitude toward Bokassa has also been unfavorably compared recently with the late Charles de Gaulle's rigorous refusal to accept any gifts that might seem politically compromising. Whether or not there was any truth to the charges about the diamonds, Giscard's relationship with the unsavory dictator made him seem less than Olympian.

ANGUS DEMING with SCOTT SULLIVAN in Paris